

1 in operating and maintaining the units. As explained in Section 5, Allen,
2 Marshall, Cliffside and Belews Creek ranked in the top 75th – 90th percentile
3 for most expensive fuel costs in 2020 among all United States coal-fired
4 power plants.

5 3. DEC's reported average cost of generation at each of its four coal plants
6 exceeded the reported cost of the marginal unit on the Company's system
7 (system lambda) during nearly every month of the review period, as
8 explained in Section 5. In total, during the review period, DEC incurred
9 \$174.8 million in fuel and variable costs above what the Company should
10 have had to pay to serve the last MWh of load on its system in every hour.

11 4. The marginal production costs that DEC used to make unit-commitment
12 decisions omitted over one third of the actual or average fuel and variable
13 costs that the Company incurred to operate its coal units during the review
14 period. As discussed in Section 6, this omitted portion amounted to \$255.0
15 million worth of fuel and other variable costs, approximately \$242.5 million
16 of which is fuel costs. This omission resulted in DEC committing and
17 dispatching its coal units significantly more often than if the Company had
18 based its commitment decisions on the actual fuel and variable costs
19 incurred to operate each unit.

20 5. Even with only 63% of the actual fuel and variable cost reflected in the
21 marginal production cost that it used to make its unit-commitment decisions
22 during the review period, DEC's unit-commitment practices at its coal
23 plants caused the Company to knowingly incur over \$3.8 million in excess